

Appl. No.: 09/939,782  
Amdt. dated August 25, 2006  
Reply to Office Action of February 27, 2006

## REMARKS/ARGUMENTS

The remarks below are in response to an Office Action mailed on February 27, 2006 in the above-listed patent application. In the Office Action, the previous Office Action mailed on March 31, 2005 was withdrawn and a Requirement for Information was made. Claims 1, 2, 3, 5, 12, 25 and 38-45 were rejected under 35 U.S.C. 103(a) over a collection of prior art cited as items U and V (“Rodgers”) and U.S. Patent No. 6,108,639 to Walker (“Walker”). Claims 6-9, 11, 13-21, 24 and 35-37 were rejected under 35 U.S.C. 103(a) as being unpatentable over Rodgers, Walker and prior art item X (“Murray”). Claims 28, 29, 31-34 were rejected under 35 U.S.C. 103(a) over Rodgers, Walker and item W (“Thompson”).

### I. Requirement for Information

The requirement for information requested additional information regarding an alleged “issue of public use or on sale activity” under 102(b). Included in the request were web pages, press releases, white papers and any marketing materials from a UPS-Nescrow relationship. Also requested were any web pages, press releases, white papers and marketing materials resulting from a UPS-Venta.com relationship.

Supplied herewith is an Information Disclosure Statement including a collection of materials obtained subsequent to an investigation performed at UPS, Inc. (UPS). Included in these materials are various agreements and communications between UPS and the principals of Nescrow.com. Notably, nothing found by our investigation appears to exceed the disclosure of PCT application WO 01/18712 to Rodgers (“the Nescrow patent application”) which was disclosed in the present application in an Information Disclosure Statement filed on March 8, 2002 more than one year prior to mailing of the first substantive Office Action on March 24, 2003.

Our search at UPS so far has revealed no further information about the UPS-Venta.com relationship. However, we will continue our search for materials about the UPS-Venta.com relationship. If any materials are found, we will also file them in an Information Disclosure Statement.

II. Summary of the Claimed Subject Matter

Generally, the present invention relates to delivery systems and methods for facilitating a transaction between a seller and a buyer wherein the seller has agreed to exchange package(s) of goods for a payment from the purchaser. The systems and methods of the claimed invention employ a combined escrow of both the package and payment. The package is escrowed by placing a hold command on the package during shipping that stops the package at an intermediate delivery location so that the package remains in control of the delivery service or other system while awaiting payment into escrow. Release of the package from the intermediate location for final delivery to the purchaser is triggered by payment into escrow, and payment of the seller out of escrow is triggered by final delivery of the package to the purchaser.

Thus, all of the claims conduct, support, or facilitate:

- Initiating shipping of a package before payment has been made or guaranteed;
- Putting a hold on further shipment in effect before the package moves beyond an intermediate location;
- Receiving payment for the package into escrow, and in response, releasing the hold on further shipment;
- Completing delivery to the purchaser and acquiring proof of delivery;
- Sending proof of delivery to the holder of the funds in escrow; and
- Releasing payment of the funds to the seller.

A significant benefit of the claimed method and systems comes from the ability to move the goods quickly after the parties agree to their sale without creating an unacceptable economic risk to either party. In an environment where efficiency in logistics is highly valued, the present invention's ability to start moving the goods while a payment guarantee (escrow) is being established is a significant benefit, especially because it protects the seller from delivery before the escrow payment is made, and protects the purchaser through the payment escrow.

The hold command may be initiated in response to any of several events, and these variations appear in different claims. In the method of Claim 25, an information system transmits the hold command responsive to receiving the shipment order information, that is, at

the beginning of the shipment process. Similarly, in the system of Claim 21, the electronic information system transmits the hold command to the import service system in response to receiving the package shipment information. Other claimed systems provide the hold command in a manner not tied to the initiation of the shipment process. In the system of Claim 1, for example, the information system transmits the hold command in response to a request from the seller, purchaser, or delivery service system. In embodiments covered by Claim 1 and by Claims 35-38, the hold command may be initiated after shipping begins.

The term "intermediate location" refers to a location that is en route to a location of the purchaser, reached after shipment begins and progress has been made in delivering the package. This meaning is supported by the specification, for example at page 9, lines 16-31 and page 10 line 1 of the Pat. App.:

Generally, a delivery service system of the present invention is capable of holding the package at an intermediate location while awaiting a release request from the information system. In the I-COD system 10, one of the brokerages 22, 23 of the delivery service system 11 is preferably capable of holding the package at the intermediate location upon receipt of a hold command from the information system 13. More preferably, the import brokerage 23 has a holding location in the second country in which to hold the package in response to the hold command, as shown in FIGS. 1 and 2. Holding the package in the same country in which the purchaser 17 resides allows final delivery of the package to the purchaser in a single step. Alternatively, in some transactions it may be desirable to hold the package in the first country, or intermediate countries en route to the second country. Holding the package in the first country, or an intermediate country, may be desirable when the delivery system has a holding location with facilities particularly suited to holding the package, such as cold storage facilities for packages containing frozen goods, but the facilities are not located in the second country. Use of holding facilities in a country other than the second country may be in response to a customized requested submitted by the purchaser 17, or a customized hold request transmitted by the information system 13.

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And in another example at page 16, lines 9-18 of the Pat. App.:

Although the preferred embodiments of FIGS. 1 and 2 involve international transactions, it should be understood that the present invention can be applied to transactions where the seller 16 and purchaser 17 are in the same country, as shown in Figure 5. In such a case, the seller drops off the package at a drop off location 220 (or the package is picked up from the seller 16 by the shipper) and the package is transported by the delivery service system 11 to a holding location 223 for the goods. The holding location can be, for example, a hub or service center of the carrier which provides the delivery service.

Yet another example of shipment commencing before the package is held is found at page 14, lines 15-21 of the Pat. App.:

For instance, the purchaser may log on to a retail or wholesale web site of the seller, select merchandise from the web site for purchase, agree to a payment amount and agree to a shipping method, i.e., use of the I-COD system 10. The seller 16 prepares the merchandise as a package (or packages) and enters shipment information 102 into a shipment order web site 38 of the delivery service system 11. The local delivery system 20 in the first country begins delivery of the package 103.

Upon entry of shipment information by the seller 16, shipment notification is sent 104 by the shipment order system 38 to the I-COD web site (information system) 13. In response to receipt of the shipment notification, the I-COD web site 13 transmits 105A a request to the import brokerage 23 to hold the package for delivery.

The intermediate location for holding the package is also discussed at page 5, lines 1-12 of the Pat. App.:

The present invention is particularly useful for a cross-border transaction wherein the first location is in a first country and the intermediate location is in a second country that is also occupied by the purchaser. An export brokerage of the delivery service system is located in the first country and is capable of clearing

export of the package out of the first country. An import brokerage of the delivery service system is located in the second country and is capable of clearing import of the package into the second country. Further, the import brokerage has facilities to hold the package, such as those used to await import authorization, at the intermediate location in response to the hold command. Holding the package in the purchaser's country allows delivery of the package to the purchaser in a single final step. Alternatively, the intermediate location may be in the first country, or in a country en route to the purchaser's country, where the shipper has facilities particularly suited to holding the package.

The following discussion turns to the individual independent claims.

Claim 1

Claim 1 is directed to a delivery system for facilitating a purchase transaction. The invention recited in Claim 1 is supported by the embodiment shown in Figure 1 of the Pat. App. Figure 1 of the Pat. App. shows a delivery service system 11 configured to receive the package and deliver the package (double line indicating goods flow) from a first location (1<sup>st</sup> country local delivery system 20) to an intermediate location (import brokerage 23). Figure 1 of the Pat. App. also shows the delivery service system 11 receiving the hold package and release package communications (dotted lines) at an import brokerage 23. *See* Pat. App., page 9, lines 16-23. Delivery of the package (double line) continues via the delivery service system (2<sup>nd</sup> country local delivery system 21) to a purchaser in the second country 17 after the release package communication. *See* Pat. App., page 15, lines 10-13.

Figure 1 of the Pat. App. also shows a payment system (I-COD bank 12). Payment is received from a purchaser bank 27 by the I-COD bank 12 (right side of Figure 1) and a notice of payment (dashed line) is sent to an I-COD website 13. A distribution command in the form of remittance advice from the I-COD website 13 (triggered by the verification of delivery communication) is sent to the I-COD bank 12 (on the left side of Figure 1) which then makes payment (solid line) to a seller bank 28. *See* Pat. App., page 10, lines 30-31 describing receipt of

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purchaser payment and page 11, lines 1-4 and 12-15 describing distribution of payment.

Figure 1 of the Pat. App. further shows an information system, such as the I-COD website 13, receiving a request to hold the package from a seller 16 and automatically transmitting a hold command. The request to hold the package can also be made by the delivery service or the purchaser through the information system (I-COD website 13), as described at page 4, lines 15-17 of the Pat. App.

Notably, Figure 1 of the Pat. App. differs from Figure 2 of the Pat. App. in that it shows the seller 16 entering a shipment order into the shipment order system 38 and separately entering a hold request via submission of a shipment notification (dashed line) into the I-COD website 13. For example, as shown in Figure 1, the seller 16 would enter the hold request in the I-COD website 13 after initiating shipment through the shipment order system 38. This embodiment contemplates that the service embodying the invention may be ordered to be applied to an existing shipment order. Thus, transmission of the hold command to the delivery service system may be in response to a request from one of the seller, purchaser or delivery service system and is not automatically requested with entry of the shipping request. This allows shipping to commence prior to entry of the hold request.

The information system (I-COD website 13) also receives a payment verification in the form of the notice of payment (dashed line) from the I-COD bank 12. Payment verification causes the information system (I-COD website 13) to send the release package command (dashed line) to the import brokerage 23. Verification of delivery (dashed line) is also transmitted to the information system (I-COD website 13) by a tracking system 45 which causes the information system to send a distribution command (the remittance advice) to the I-COD bank 12.

#### Claim 21

Claim 21 is directed to a system for facilitating an international purchase transaction. The invention recited in Claim 21 is supported by the embodiment shown in Figure 2 of the Pat. App. An export service system (export brokerage 22) receives import/export information (dashed line) from the shipment order system 38 for clearing export. An import service system

(import brokerage 23) also receives import/export information (dashed line) from the shipment order system 38 for clearing import. Similar to Figure 1 described above for Claim 1, the import service system can receive the hold and release commands. A local delivery system (2<sup>nd</sup> country local delivery system 21) receives the package from the import service system (double line from the import brokerage 23) and transmits verification of delivery (dashed line) via the tracking system 45 to the I-COD website 13. *See Pat. App., page 15, lines 10-13.*

The payment system of Claim 21 (I-COD bank 12 in Figure 2 of the Pat. App.) can receive payment from purchaser bank 27, send payment verification (notice of payment), receive a distribution command (remittance advice) and distribute payment (solid line) to the seller bank 28. *See Pat. App., page 15, lines 4-9 and 13-18.*

The electronic information system of Claim 21 receives the package shipment information (at shipment order system 38) and automatically (shipment notification (dashed line) to I-COD website 13) sends the hold package communication (dashed line from I-COD website 13) to the intermediate location (import brokerage 23). Thus, in Figure 2 of the Pat. App., the shipment notification triggering the hold request is sent by the shipment order system 38 directly to the I-COD website in response to entry of the shipment order.

The electronic information system (shipment order system 38 and I-COD website 13) sends the import/export information, the hold command and the release command as described above for the import/export service systems of Claim 21. The electronic information system (I-COD website 13) receives payment verification and transmits the distribution command as described above for the payment system of Claim 1.

#### Claim 25

Claim 25 is directed to a method of delivery. The invention recited in Claim 25 is supported by the embodiment shown in Figure 2 of the Pat. App. In Claim 25, the present invention includes receiving a package at a first location, such as a first country local delivery system 20, for example, as shown in Figure 2 of the Pat. App. Prior to the delivery system receiving the package, it has been prepared by the seller who may enter shipment order information associated with the package into a shipment order system 38 or an I-COD web site

13, as shown by box 104 in Figure 4 of the Pat. App. The delivery system commences shipment. *See* Pat. App., page 14, lines 12-21.

A hold command is placed into effect before the package can be shipped beyond an intermediate location. For example, for the embodiment claimed in Claim 25, in response to receiving shipment order information, a hold command associated with the package and requesting holding of the package at an intermediate location is transmitted, as shown by Figure 2 and box 105A in Figure 4 of the Pat. App. The hold command may be sent, for example, to an import brokerage 23 to hold the package being delivered to a different, second country. *See*, Pat. App., page 14, lines 23-25. The import brokerage receives the request, identifies the package and holds it pending a release command.

In fact, in some examples the intermediate location is in a second country. *See*, Pat. App., page 9, lines 24-26; and Claims 28. Moving a package to the intermediate location is a delivery stage in which payment is not guaranteed, differentiating it from the guaranteed payment of a conventional letter of credit obtained prior to shipping described in the Background of the Invention. *See* Pat. App., page 2, lines 4-5.

While under the hold command, the method includes moving the package toward the intermediate location, such as by a local delivery system 20 beginning delivery of the package, as shown by box 103 in Figure 4 of the Pat. App., or holding the package at the intermediate location. This latter instance could occur if the hold command is received by the import brokerage 23 while the import brokerage 23 has the package at the intermediate location. The method also includes receiving a payment associated with the package from the purchaser. For example, the purchaser 17 may provide payment instructions (as shown by box 106 in Figure 4 of the Pat. App.) to its bank to electronically transmit (as shown by box 107 in Figure 4 of the Pat. App.) funds from a funds account 27. *See*, Pat. App., page 15, lines 3-8.

The payment associated with the package is received and held in escrow, such as by being deposited in an I-COD bank account 26, as shown in Figure 2 of the Pat. App. A payment verification is sent, such as by the I-COD bank 12 notifying (as shown by box 108 in Figure 4 of the Pat. App.) the I-COD web site 13. *See*, Pat. App., page 15, lines 8-9. A release command is transmitted that releases the hold command associated with the package in response to the

payment verification. For example, upon receipt of the payment notification, the I-COD web site 13 requests 109 the import brokerage 23 to release the package from the intermediate location for completion of delivery. *See*, Pat. App. page 15, lines 10-11.

The released package is then delivered to a location of the purchaser. For example, a second country local delivery service 21 picks up the package and delivers 110 the package to the purchaser 17. *See*, Pat. App. Figure 4 and page 15, lines 11-13. In that example, the second country local delivery service 21 obtains a delivery verification and sends it 111 to its tracking system 45. Such updates to the tracking system are provided electronically to update 112 the I-COD web site 13. *See*, Pat. App. Figure 4 and page 15, lines 14-15. In response to this delivery verification, payment is distributed out of escrow to the seller. For example, the I-COD web site 13 instructs the I-COD bank 12 to remit the payment to the seller's bank 28. The I-COD bank 12 withdraws the payment from the account 26 and remits 114 the payment, such as by direct deposit, to the seller's bank 28. *See*, Pat. App. Figure 4 and page 15, lines 16-19.

Claim 35

Claim 35 is directed to an electronic information system for coordinating delivery of a package. The invention recited in Claim 35 is supported by the embodiment shown in Figure 1 of the Pat. App.

Claim 35 recites a request system (I-COD website 13) for receiving requests to coordinate delivery and payment for a package. As described above for Claim 1, the request can be from the seller 16, purchaser 17 or delivery service system 11 and is separate from the shipping request. The request system is also configured to instruct a delivery service system to deliver the package during a non-guaranteed payment delivery stage, i.e., before payment into escrow has been received. Figure 4 of the Pat. App. shows shipping commencement 103 occurring before transmission of the payment to the I-COD bank 107. This differentiates it from the guaranteed payment of a conventional letter of credit obtained prior to shipping described in the Background of the Invention. Pat. App., page 2, lines 4-5. The request system is also configured to transmit a coordinate request verification, such as the shipment notification (dashed line) sent by the shipment order system 10 to the I-COD website 13 of Figure 2 of the

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Pat. App.

A hold system, such as the I-COD website 13 of Figure 1 of the Pat. App., is configured to transmit a hold request (dashed line) to the delivery system 11. The hold request requests holding of the package at an intermediate location prior to release of the package from the intermediate location. Figure 4 of the Pat. App. shows hold for delivery request 105A prior to release of the package from the intermediate location in response to the release for delivery request 109.

Claim 35 includes a release system, such as the I-COD website 13, for sending the release package request (dashed line) to the import brokerage 23 in response to payment verification, such as the notice of payment (dashed line) in Figure 1 of the Pat. App.

Payment has not been received while the package is being delivered under the hold command. Thus, as recited in Claim 35, delivery during the non-guaranteed payment delivery stage is to the intermediate location. Claim 35 also recites delivery from the intermediate location to the purchaser during a guaranteed payment delivery stage. This is reflective of payment for the package being held in escrow (I-COD bank 12, Figure 1, the Pat. App.) for the seller while the package is en route to the purchaser (e.g., delivery to purchaser 110 after receipt of payment 108 and the release request 109, Figure 4, Pat. App.).

The release system (I-COD website 13) is also capable of transmitting a delivery notification, such as the remittance advice (dashed line) to the payment system (I-COD bank 12).

#### Claim 36

Claim 36 is directed to an electronic information system for coordinating delivery of a package. The invention recited in Claim 36 is supported by the embodiment shown in Figure 1 of the Pat. App. Support for the request system, hold system and release system from Figure 1 of the Pat. App. are described above for Claim 35.

Claim 36 also recites a payment system (I-COD bank 12) for receiving payment associated with the package from a funds account of the purchaser (solid line indicating payment from purchaser bank 27 to I-COD bank 12). The payment is held in escrow (account 26 in I-COD bank 12) while awaiting a notification of delivery of the package to the purchaser

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(verification of delivery (dashed line) sent from tracking system 45 to I-COD website 13). The payment system is capable of a distribution of funds (solid payment line) to a funds account of the seller (seller bank 2) in response to a notification of delivery, such as via remittance advice (dashed line). *See Pat. App., page 11, lines 12-14.*

Claim 37

Claim 37 is directed to an electronic information system for coordinating delivery of a package. The invention recited in Claim 37 is supported by the embodiment shown in Figure 1 of the Pat. App. A delivery service system 11 is capable of delivering the package (double line) from a first location (1<sup>st</sup> local country delivery system 20) to an intermediate location (import brokerage 23) and to a purchaser designated location (purchaser in second country 17). A delivery service communication system (tracking system 45) is configured to receive and transmit information for the delivery service.

As described above for Claim 1, the delivery service system is responsive to a hold command, release command and delivery verification as supported by Figure 1 of the Pat. App. As described for Claim 36 above, the payment system is also supported by Figure 1 of the Pat. App.

The control system (I-COD website and shipment order system 38) of Claim 37 is electronically connected to the delivery service communication system (dashed lines to tracking system 45 and delivery service system 11). The control system being configured to receive hold requests, transmit a hold command, receive payment verification, transmit a release command and transmit a distribution command find support in the Pat. App. as described above for the information system of Claim 1.

Claim 38

Claim 38 is directed to a hub and spoke system of computers for controlling delivery of a package via a carrier from a seller to a purchaser. The invention recited in Claim 38 is supported by the embodiment shown in Figure 1 of the Pat. App. Claim 38 includes a facilitator computer (I-COD website and database 13) having a data memory with memory storage areas and being

configured as a hub for communication with a plurality of spoke computers. The spoke computers include an order entry computer (the I-COD website 13), a carrier computer (tracking system 45) and an escrow bank computer (I-COD bank 12). *See* page 17, lines 8-27 of the Pat. App. for a discussion of how the present invention may be implemented by computer systems interconnected by networks.

The facilitator computer is adapted to communicate with the spoke computers to electronically receive (e.g., via the I-COD website 13) a request, and shipment order information associated with the request, to facilitate delivery of and payment for the package and store (I-COD database 13) at least a portion of the request and shipment order information in memory. *See* Pat. App., page 11, lines 30-31 and page 12 lines 1-3.

The facilitator computer is also adapted to electronically receive notice (dashed line to tracking system 45 and delivery service system 11) that transportation of the package from a source location (1<sup>st</sup> country local delivery system 20) toward an intermediate location (import brokerage 23) is under a package escrow command (hold package (dashed line)).

The facilitator computer is also adapted to electronically receive payment escrow verification indicating payment into the escrow account (notice of payment (dashed line) from I-COD bank 21 to I-COD website 13) and transmit a release command terminating the package escrow command (release package command (dashed line) from I-COD website to import brokerage 23). *See* Pat. App., page 11, lines 14-6, 9-11 and 15-17 describing electronic funds payment into and out of escrow. *See* Pat. App., page 12, lines 12-15 describing an electronic release command terminating the package escrow command.

The facilitator computer is adapted to electronically receive, from the carrier computer, a delivery verification (verification of delivery (dashed line) from tracking system 45 to the I-COD website 13) and transmit a distribution command to the escrow bank computer (remittance advice (dashed line) from I-COD website 13 to I-COD bank 12). *See* Pat. App., page 12, lines 12-22 for description of electronic delivery verification and distribution command.

III. Cited References

Rodgers

**Rodgers PCT application** discloses a web-based purchasing system 100 which includes a transaction computer 110 that hosts a website 170, as shown in Figure 1. The transaction computer 110 includes an escrow account 120. A purchaser computer 130 and seller computer 140 can connect to the transaction computer 110. A delivery system 160 and a settlement network 150 are also connected to the transaction computer 110.

During use of the system 100, a purchaser logs-on 202 and selects merchandise offered for sale 21 and the system requests the purchaser's preferred payment method and delivery address 214, as shown in Figure 2 of Rodgers PCT application. Using the purchaser's selected or provided financial account information, the system then requests authorization for credit approval for an amount equal to at least the established purchase price, plus an additional estimated amount to cover delivery and transaction fees, from the transaction settlement network 220, as shown in Figure 3 of Rodgers PCT application. If the transaction settlement network 150 indicates that the purchaser has sufficient funds or credit available to purchase the selected merchandise 222, the system then reserves the funds 224. Ostensibly, this serves to "lock up" a portion of the available credit on the purchaser's credit card or other payment vehicle while the transaction is active. Page 13, lines 1-4 of Rodgers PCT application.

If the purchaser has sufficient funds or credit, the system notifies the seller and provides the seller with a purchase offer specifying the transaction details 226, as shown in Figure 4 of Rogers PCT application. Upon receipt of notification the seller 230 can accept or reject the offer. If the authorization to charge the purchaser's credit card account is about to expire during this time, the transaction is suspended to await reauthorization. Page 13, line 31 and page 14, lines 1-2 of Rodgers PCT application.

After offer and acceptance, the seller provides pickup instructions 233 which are transferred 236 to the delivery system 160. The delivery system 160 is then provided the transaction information and is automatically dispatched to pickup the packages 240, as shown in Figure 5 of Rodgers PCT application. Upon confirmation that the packages have been picked up

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from the seller, the monies previously reserved against the purchaser's financial account are transferred into the system escrow account 244. Page 14, lines 24-26 of Rodgers PCT application. The merchandise is then delivered to the purchaser's specified delivery address 248.

The purchaser's funds are held in the escrow account until the purchaser has an opportunity to inspect the purchased merchandise. Page 15, lines 2-7 of Rodgers PCT application. After delivery of the merchandise is electronically verified by the delivery system and the buyer has inspected and accepted them, or has failed to reject the merchandise within a predetermined amount of time, the escrowed funds are released to the entitled parties, 250 through 256. Rodgers describes this as a dual-escrow system. "Thus, during this period of time, both the money and the merchandise are escrowed by the system." Page 14, lines 30-31 of Rodgers PCT application. Also, at page 3, line 11 and page 14, line 30 the Rodgers PCT application describes that the system "virtually escrows" the seller's goods during the transaction.

The **U: Rodgers reference** describes some of the highlights of the system disclosed in the Rodgers PCT application. A buyer and seller meet through an auction site or other venue and register at Nescrow.com. A price is agreed on and the sale registered. UPS is notified and a driver is dispatched. Once the package is in the hands of UPS, Nescrow.com is notified and the buyer's credit card or wire transfer payment is placed in an escrowed account. The buyer has five days to inspect the product. If it is acceptable, after five days the payment is transferred to the seller.

#### Walker

Walker discloses a conditional purchase offer (CPO) system used by Priceline.com, often described as a reverse-auction, for the sale of collectibles using the internet. Walker's conditional purchase order system accepts a conditional purchase offer from a buyer, posts the offer on the Internet and receives acceptances from potential sellers. Before posting, however, the CPO undergoes an evaluation process 1000 including receiving 1002 and storing personal information 1004, as shown in Figure 10A of Walker.

In the evaluation process, a description of the desired goods is received from the buyer as well as the condition, price and expiration date of the CPO and a general purpose account from which funds can be paid in step 1008. Walker describes collecting the account number as providing a guarantee. "It is noted that if the buyer ultimately fails to purchase the requested item once the CPO is accepted by a seller, the buyer can be charged a fee or a penalty. In this manner, the offer is guaranteed with a general purpose account, for example, using a line of credit or a credit card account." Column 10, lines 9-14.

Legal language is provided to bind the buyer to the CPO and a CPO number is generated at steps 1010, 1012 of Figure 10A of Walker. The CPO information is entered into a database at step 1014. Authorization occurs through in steps 1016 and 1018 where the account identifier and price are sent to the account issuing bank for authorization. Authorization is also described by Walker as potentially occurring after step 1026.

In step 1026, items on an item database 800 are tested to see if any meet the conditions of the CPO, as shown in Figure 10B of Walker. If an item is found, then the CPO is presented to the seller at step 1030. In steps 1036 through 1080 an auction, including offers and counteroffers, occurs until the CPO is accepted by a seller, as shown in Figures 10C and 10D. Each counteroffer by a buyer is also sent through a new payment authorization process wherein payment is tendered, as shown by steps 1074, 1076 and 1078.

Once offer and acceptance (or counteroffer and acceptance) and account authorization are completed, the seller is notified of acceptance 1040, 1080, an authenticator is identified 1042, 1082 and the seller is notified to mail the item to the authenticator 1044, 1084. Figure 13 of Walker illustrates the authentication and delivery process. The authenticator 150 receives items for inspection in step 1305. The items are graded, tested, etc. to ensure they qualify under the terms of the CPO. If valid, an "item valid" response is sent to a central controller 200 during step 1350. A guarantee may be provided by the authenticator to the buyer during step 1355. If the goods are adjudged to be authentic, then the dealer/authenticator delivers the goods to the buyer in step 1365 and payment to the accepting seller is authorized, as described at column 3, lines 53-55.

Murray

Murray discloses an analysis of the meaning and operation of C.O.D., characterizing it as describing either "cash" or "collect" on delivery, with the latter referring to bank drafts and cashiers checks. Murray also discloses at pages 17 and 18 the use of C.O.D. in the context of customs clearance and a transaction occurring across borders.

Thompson

Thompson discloses a wizard-based process that helps shippers using Federal Express identify and prepare import and export forms. It also mentions that FedEx's websites have built-in shipping and tracking.

IV. Analysis

Description of Claim 25

Independent Claim 25 of the present application recites the following<sup>1</sup>:

- Receiving a package at a first location;
- Receiving shipment order information on the package;
- Transmitting a hold command associated with the package in response to receiving the shipment order information;
- Moving the package toward an intermediate location or holding the package at the intermediate location while under the hold command;
- Receiving a payment associated with the package from the purchaser after moving or holding the package under the hold command;
- Holding the payment in escrow and transmitting a payment verification;
- Transmitting a release command and releasing the hold command associated with the package in response to payment verification;
- Delivering the package to a purchaser location;
- Receiving a delivery verification; and

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<sup>1</sup> It should be noted that the above-listed steps are not necessarily in any particular order unless specifically identified as such.

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- Distributing payment out of escrow to the seller in response to the delivery verification.

Notably, Claim 25 recites 1) transmitting the hold command to hold the package at the intermediate location in response to receiving a shipment order and pending receipt of a release command, 2) moving the package toward, or holding the package at, the intermediate location while under the hold command and 3) releasing the hold command and the package from the intermediate location in response to a verification of payment into escrow. This allows the carrier to commence delivery of the package to the intermediate location without awaiting an upfront payment or payment guarantee. But the hold command ensures that the package will not travel the entire distance to the purchaser location if payment is not made.

#### Rodgers Does Not Teach or Suggest Claim 25

#### Up-front Credit Approval Process Slows or Blocks Transactions

Rodgers discloses an up-front “lock up” of the purchaser’s credit card before shipping is commenced and before the seller can even accept or reject the offer. This slows the transaction down and requires the participants to have a credit history to participate. The effort involved in the credit authorization process would deter most small transactions. Further, the authorization requires the transaction be within the credit limit of the purchaser, thereby prohibiting larger transactions. Also, with the “lock up” procedure having to occur prior to shipping in Rodgers, the logistical and timing benefit of commencing shipping prior to establishment of a payment guarantee is lost.

Claim 25 of the present invention, in contrast, recites 1) moving the package toward, or holding the package at, the intermediate location under a hold command, 2) receiving a payment associated with the package and then 3) releasing the hold command in response to receipt of the payment.

Therefore, in Claim 25, the package has been received at the first location, the shipping component of the transaction is initiated under the hold command and the package can make it as far as the intermediate location, allowing parallel efforts at shipping and processing of the

payment without fear of the package traveling past the intermediate location. Also, the method of Claim 25 protects the seller without the need for a credit application process specific to the value of the package, which can discourage small potential users of the system. In combination, these aspects facilitate a quick, confident delivery of the package by the seller and participation by a buyer with little or no credit history.

No Hold Command Initiated by Receipt of Shipment Order Information or Released Upon Notice of Payment into Escrow

Rodgers does not disclose or suggest a hold command that is initiated by receipt of shipment order information and released upon notice of payment into escrow. There is no coordination in Rodgers (neither the Rodgers PCT application, nor the U: Rodgers reference) of the timing of the payment into escrow and the progress of shipment. In Rodgers, efforts at payment into escrow begin after the package is in the hands of the shipper. However, there is no disclosure of an intermediate location past which a package will not progress without payment into escrow. Rodgers does not suggest a hold command at the time of shipping because its up-front credit guarantee eliminates the risk (at the aforementioned loss of the ability to immediately commence shipping) of delivery occurring without some form of payment for the package contents being secured from the purchaser. The package could be at the purchaser's door before payment is made into escrow in Rodgers.

Rodgers describes its system as including a "dual escrow" but also discloses that the system only "virtually escrows" the seller's goods during the transaction. This is an acknowledgement that an escrow of the goods would be by the coincidence of the carrier holding the goods during delivery while the payment is escrowed. Actual dual escrow might not occur in Rodgers if final shipment occurs quickly before efforts at obtaining payment into escrow have succeeded. Claim 25 of the present application, on the other hand, has an actual escrow of the package because the hold command halts movement of the package past an intermediate location until payment is received into escrow.

Walker Does Not Teach or Suggest Claim 25

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Up-front Credit Approval Process Slows or Blocks Transactions

Similar to the upfront credit lockup required by Rodgers, Walker discloses guaranteeing payment by collecting an account number and seeking credit authorization for the price of the CPO before shipping, or even attempting to fulfill the CPO in the auction process. The effort involved in the credit authorization process would deter most small transactions. Further, the authorization requires the transaction to be within the credit limit of the purchaser, thereby prohibiting larger transactions.

Claim 25 of the present invention, in contrast, recites 1) moving the package toward, or holding the package at, the intermediate location under a hold command, 2) receiving a payment associated with the package and then 3) releasing the hold command in response to receipt of the payment.

There is no suggestion by Walker that its system could function without the initial credit authorization. Walker notes that authorization of the account guarantees the offer and any fees or penalties associated with non-performance.

No Payment Into Escrow

Walker does not disclose escrow of the payment, only an up-front credit authorization and then, after delivery of the item, a transfer of the payment from the buyer's account. There does not appear to be a period during which the payment is retained, or needs to be retained, by the system of Walker due to the assurance of the up-front credit authorization.

No Hold Command Initiated by Receipt of Shipment Order Information or Released Upon Notice of Payment into Escrow

Walker discloses shipping by the seller to an inspection location, inspection and then a second shipment to the buyer. This, in effect, is not a hold placed on shipping – it is two separate shipments. “The seller is then instructed to mail the item to the selected dealer/authenticator 150 during step 1084, before program control terminates during step 1086.” Column 12, lines 32-34 of Walker. “Finally, the dealer/authenticator 150 will deliver the item to

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the buyer during step 1365, or arrange for the buyer to pick up the item, before program control terminates during step 1370.” Column 14, lines 1-4 of Walker.

Also, holding of the goods at the inspection location is only pending grading, testing and other authentication. Successful authentication, not a payment into escrow, results in the second delivery of the package to the buyer. Actual payment for the item is only transferred from the buyer’s account to the seller after final delivery to the buyer, not prior to release from the inspection location. Therefore, shipping from the inspection location is not conditioned upon any part of the payment process.

Nothing in Walker suggests coordinating release of a hold command with a payment into escrow. With the up-front payment “guarantee” of the account authorization, Walker does not need to make any provisions for holding the package awaiting payment into escrow.

Rogers and Walker in Combination Do Not Teach or Suggest Claim 25

Both Rogers and Walker disclose similar systems in which payment is guaranteed before shipping by a credit card or account authorization. This up-front credit approval process slows or blocks transactions. Combining the two references would only strengthen such a teaching, resulting in a system with an up-front credit-based guarantee before shipping has occurred. Again, this up-front credit approval slows the process and interferes with its use for small transactions.

Even if the inspection location of Walker were used in the system disclosed by Rogers having payment into escrow, release from the inspection location would be conditioned upon successful inspection, not payment into escrow. There is no motivation in either of Rogers or Walker to worry about payment having not been made into escrow at the time of the release of the package from the inspection location since both systems use an up-front payment guarantee before shipping has even begun.

Nothing in Murray, Thompson or the remaining cited references overcomes the failure of Walker and Rogers to teach or suggest the present invention as recited in Claim 25.

Claims 21 and 24 are Patentable

Independent Claim 21 of the present application recites a delivery system capable of performing the method described above for Claim 25. In particular, Claim 21 recites automatically generating a hold command in response to receiving package shipping information, thus avoiding the need to separately request holding of the package.

In Walker instructions are sent to the seller to mail the item to the inspection location. Thus, not only is the package not shipped with a hold command, the instructions for shipping must be separately entered by the seller. As a result, Walker does not teach or suggest a hold command automatically triggered by receipt of shipment information. For these additional reasons, and the reasons stated above for Claim 25, Claim 21 is patentable over Rodgers, Walker and the remaining cited references.

Claim 24 depends from and further patentably distinguishes Claim 1 which, as described above, is patentable. Claim 24 is therefore also patentable.

Claims 1-3, 5-9, 11-20, 35, 36, 37 and 38 are Patentable

Claims 1 and 35-38 conduct, support or facilitate embodiments of the invention that read upon Figure 1 of the Pat. App. These claimed systems provide the hold command in a manner not tied to the initiation of the shipment process. In the system of Claim 1, for example, the information system transmits the hold command in response to a request from the seller, purchaser, or delivery service system. In Claims 35 and 36, the electronic information systems include a request system configured to receive a coordination request and transmit a coordination request verification, and a hold system configured to receive the coordination request verification and, in response, transmit a hold request. In Claim 37, the delivery service system includes a control system configured to receive requests and, in response to the requests, transmit a hold command. Claim 38 includes a facilitator computer for receiving a request to facilitate delivery and payment for a package and notice that the package is being transported under a hold command. Therefore, in embodiments covered by Claim 1 and by Claims 35-38, the hold command may be initiated after shipping begins, as shown in Figure 1 of the Pat. App.

Rodgers and Walker do not teach use of a hold command configured to stop delivery of a package at an intermediate location wherein the hold command is released by a payment into

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escrow. Further, Rodgers and Walker do not teach or suggest a system in which shipping of a package can commence before entry of a hold or package escrow command, as recited in Claims 1 and 35-38. Walker describes sending the package to an inspection location, inspecting the package contents and after the inspection delivering the package to a buyer. But, these are two separate shipping events, not delivery with a hold command. Also, final delivery to the buyer in Walker is conditioned upon successful inspection, not upon a payment into escrow. Rodgers discloses an escrow payment, but not one coordinated with release of a hold command. None of the remaining cited references overcomes the failure of Rodgers and Walker to teach or suggest the present invention as recited in Claims 1 and 35-38.

Claim 35 further emphasizes that initial shipment of the package occurs during a non-guaranteed payment delivery stage to the intermediate location (so that positive progress is made along the shipping route) and that delivery from the intermediate location to the purchaser is during a guaranteed payment delivery stage. As discussed above, both Rodgers and Walker, alone and in combination, only teach or suggest an up-front guarantee of payment before shipping of the package commences.

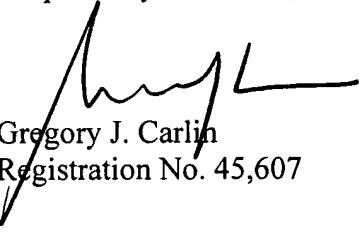
Dependent Claims 2-3, 5-9 and 11-20 depend from and further patentably distinguish Claim 1 and are therefore also patentable. For example, Claim 6 recites the first location being in a first country and the intermediate location being in a second country.

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The rejections of Claims 1-3, 5-9, 11-21, 24, 25, 28, 29 and 31-45 under 35 U.S.C. 103(a) have been overcome. In view of the remarks and amendments presented above, it is respectfully submitted that the Claims 1-3, 5-9, 11-21, 24, 25, 28, 29 and 31-45 of the present application are in condition for allowance. It is respectfully requested that a Notice of Allowance be issued in due course. The Examiner is requested to contact Applicants' undersigned attorney to resolve any remaining issues in order to expedite examination of the present application.

It is not believed that extensions of time or fees for net addition of claims are required, beyond those that may otherwise be provided for in documents accompanying this paper. However, in the event that additional extensions of time are necessary to allow consideration of this paper, such extensions are hereby petitioned under 37 CFR § 1.136(a), and any fee required therefore (including fees for net addition of claims) is hereby authorized to be charged to Deposit Account No. 16-0605.

Respectfully submitted,

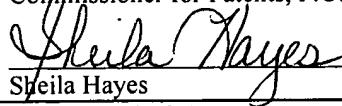


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Sheila Hayes

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